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SUBJECT: ARGENTINA CIVAIR: TRANSITION FROM MILITARY TO CIVILIAN
CONTROL

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11. (SBU) SUMMARY. Almost a year after the creation of the National Civil Aviation Administration (ANAC), the agency that will assume responsibility for Argentina's civair once a transition from military to civilian control occurs, a Director has finally been named and some institutional reorganization begun. Although these measures add political weight to the transition process, a true transition remains years away. Fundamental issues, including the future status of the largely military workforce now controlling civair, remain to be substantively addressed. In the meantime, day-to-day civil aviation remains in military control, and poor domestic service due to frequent slowdowns and strikes continue. To its credit, the GOA appears to understand how complex this civair transition will be, and is not rushing headlong into the process.
END SUMMARY.

Where ANAC Fits into GOA's civil aviation structure

12. (U) The newly created civilian National Civil Aviation Administration (ANAC) is to eventually replace the Ministry of Defense's Air Regions Command (the GOA's FAA equivalent) overseeing national aviation safety and air traffic control. ANAC is also slated to replace the functions of the now-eliminated office of the Under Secretary of Commercial Air Transport (roughly equivalent to the DOT's Assistant Secretary for Aviation and International Affairs) to control licensing, competition, alliances and codeshares, charters, frequencies, international agreements and

pricing. The eliminated Undersecretariat's functions are now controlled, ad interim, by the Secretary of Transportation.

13. (SBU) Although the elimination of the Undersecretary's office was ostensibly done because ANAC will eventually take over these functions, an open and long-running feud between Secretary of Transportation Ricardo Jaime and former Undersecretary (U/S) Ricardo Cirielli was reportedly a factor in the timing. (GOA insiders claim that former aircraft mechanics union leader Cirielli never accepted Secretary Jaime's oversight.) Local analysts presume that ANAC will

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fall under the Secretary of Transportation's control, and ANAC's small staff (inherited from the U/S) has reportedly begun to slowly wade into commercial aviation issues. However, GOA and private sector contacts have indicated that they have "no idea" who is now actually making commercial aviation-related decisions once performed by the U/S.

Top ANAC Officials Named

14. (SBU) Political insider Rodolfo Gabrielli was sworn in on January 29 as ANAC's first Director. Gabrielli has a long list of political jobs under his belt: former Peronist Governor of Mendoza province (1991-1995), Mendoza minister of economy (1987-1991), national congressman (1995-1999), Interior Minister under former President Adolfo Rodriguez Saa, and president of the state satellite company ArSat under President Nestor Kirchner. Gabrielli was also one of several Directors of the national airports regulator, ORSNA (Gabrielli's only known aviation experience). Observers concur that Gabrielli's political skills will come in handy as he takes over (and on) the diverse and conflictive world of Argentine civil

aviation.

15. (SBU) Ms. Alba Thomas Hatti, the Secretary of Transportation's National Director of Planning and Coordination, was named Gabrielli's deputy. Thomas Hatti was previously Under Secretary of Commercial Air Transport, has had frequent contact with the Embassy and the FAA, and is considered a reliable interlocutor. She accompanied Transport Secretary Ricardo Jaime on his Washington December 2006 visit to DOT and FAA.

Real Change Years Away

16. (SBU) The creation of ANAC and the naming of its Director add some political and legal weight to the process of establishing civilian control of Argentine civil aviation. GOA officials indicate that some smaller agencies within the Air Regions Command could soon be transferred to ANAC, including some of its administrative offices and its Aviation Repair Agency. But as one top GOA aviation official said, ANAC is like "an empty house" that needs to be filled over time. He and other officials state that the process remains "years away," and there will be no immediate change to Argentina's current civil aviation operations. Day-to-day control of safety, air traffic control, and navigation remain with the MOD, and commercial concerns stay with the Secretary of Transportation.

Difficult Issues Unresolved

17. (SBU) The key issues that need to be resolved before a true military-to-civilian control transition is accomplished are the same as when ANAC was created almost one year ago (Refs F, G). One issue is the future status of some 6000 employees in the Air Regions Command, of which about 80% are military. It is still unclear, once ANAC is fully functional, whether these CRA employees will be transferred to other military positions or work for ANAC. If the latter, it is unclear if they would remain on active duty. If so, they would be working side-by-side with civilians presumably making significantly more money, a potential friction. The status of air traffic controllers is another unresolved issue: currently

prohibited from striking while under military authority, will they be allowed to strike, in a nation and sector so prone to labor conflicts? GOA officials and private sector analysts have privately expressed their concern that the hiring process not be unduly politicized, and that only qualified personnel, and not the politically-connected, be hired. Beyond these sensitive issues, the GOA still needs to enact legislation, aviation regulations, and a formal budget to formalize ANAC's structure.

18. (SBU) GOA officials indicate that they envision some form of continued International Civil Aviation Organization (ICAO) technical assistance with its transition. Ref D noted that ICAO had provided the GOA with an options memo of how ANAC might be structured, and envisioning differing levels of autonomy and authority. GOA contacts indicate that although they do not view ICAO's expertise and advice as particularly valuable, the GOA gains credibility by having ICAO's "official blessing" of any future transition plan. GOA officials have repeatedly said that ICAO's involvement in no way precludes the GOA from also later seeking FAA guidance in this transition.

Ongoing Civil Aviation Challenges

19. (SBU) Argentina's civil aviation-related woes continue unabated: slowdowns, strikes, stolen luggage, overbooking, and poor service are routine features of flying in Argentina (Refs F, B, A). A recent report from the Argentine Tourism Association underscored the problem of delayed and cancelled flights and lost connections. From March to September 2007, an average of only 22% of domestic flights arrived and departed on time, compared to about 70% for similar flights in the United States.

Comment

10. (SBU) Behind these auspicious-sounding GoA announcements, and almost one year since the ANAC's creation, Argentina today is no closer to any true military-to-civilian civil transition. Many here see recent GOA actions as little more than political theater: amidst Argentina's chronic problems providing reliable domestic air transport to its citizens, the GOA wants to be seen taking action. Left unexplained, however, is just how and why civilian control of this sector will be any more effective than military control. The fact that the new ANAC Director is a politician and not a technically competent aviation professional further underscores this point. To be fair, GOA officials seem to have no illusions how complex and difficult this process is, and have repeatedly stated their desire that the transition be effected properly and methodically.

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